

“A Place of Excellence”

GRANTS IN AID POLICY

DATE APPROVED / REVIEWED	COUNCIL MEETING DATE	DATE OF IMPLEMENTATION
31 MARCH 2016	31 MARCH 2016	01 JULY 2016

1 Introduction

The challenges faced by Government and the rapidly changing society demands, requires a proactive government, and therefore a successful partnership is essential in addressing these challenges. The grants-in-aid program aims to exactly achieve this goal.

2 Context and Legal Framework

- (a) In terms of Section 10G(1) of the Local Government Transition Act, Second amendment Act, 1996 (Act 97 of 1996), every Municipality shall conduct its financial affairs in an accountable and transparent manner.
- (b) In terms of Section 152 of the Constitution (Act 108/96) the objects of local government are to
 - provide democratic and accountable government for local communities;
 - ensure the provision of services to communities in a sustainable manner;
 - promote social and economic development;
 - promote a safe and healthy environment; and
 - encourage the involvement of communities and community organizations in the matters of local government.
- (c) Section 67 of the MFMA must be complied with before any funds are transferred to organizations and bodies outside government

3 Purpose

To provide support to organizations and bodies thereby enabling them to undertake actions and services to improve the standard of living of the communities, resulting in an improvement in the quality of life for those communities.

4. Mission

The guiding mission is to support organizations and bodies thereby adding value to the Municipality's endeavors that aim to address the prevailing social and economic inequalities.

5 Objectives

The grants-in-aid program seeks to assist non-profit organizations and bodies to undertake their work as defined in their constitution, thereby ultimately improving the quality of life of the people of those communities. The program has the ability to address and develop our imbalanced society by providing an enabling environment for organizations to undertake the invaluable work that government is unable to undertake.

The key objectives of the program are as follows:

- 5.1 Capacitate organizations to effectively manage their work and the organization,
- 5.2 Provide financial and or material support to enable organizations undertake their work
- 5.3 Monitor and evaluate the intervention to ascertain impact
- 5.4 Review periodically intervention program and act accordingly.

6 General Guidelines

The following guidelines shall apply upon application:

- 6.1. Funding of applications will primarily be considered on an annual basis in response to the annual advertisement although allocations may also be made during the course of the year.
- 6.2 Council reserves the right not to fund an Organization two years in succession.
- 6.3 Funding will not be considered in the following instances:
 - a) Where a project or organization is already receiving funds from Council in terms of Council's functions. Applicants are required to disclose other sources of funding
 - b) Where in Council's opinion, an organization receives sufficient funds from other sources to sustain its activities or the project applied. For this purpose, organizations must submit financial statements and a budget for the ensuing financial year.
 - c) Where only an individual will benefit
 - d) For political or ratepayers organizations/groupings
 - e) Projects outside the boundaries of the Drakenstein Municipality and
 - f) Where expenses have already been incurred

6.4. Funding of projects and to organizations shall exclude travel costs, subsistence, accommodation, food or entertainment expenses of any kind, administrative staff salaries, capital costs, bursaries, payments in lieu of rates or other municipal charges

6.5. Subsequent requests from applicants to cover overspending on projects will not be considered

6.6. Where applications are turned down, written reasons for unsuccessful applications will be furnished

7 Guiding principles

The program shall be guided by, but not limited to, the following principles.

7.1 Operational principles

7.1.1 Publicize the program widely so as to encourage applications from all communities and groups

7.1.2 Promote projects that are beneficial to the wider community

7.1.3 Consider all applications equally with special emphasis on the rural, informal and the most needy communities.

7.1.4 Discourage the repeat on funding

7.2 Organisational principles

7.2.1 Encourage empowerment and capacity building

7.2.2 Require sound financial management policy, practices and procedures

7.2.3 Require organizations to show commitment to exploring other funding sources

7.2.4 Require organizations to report back on their usage of the grant-in-aid

8 . Categories of Grants-in-aid

8.1 Sundry grants-in-aid

In this category applications are invited on an annual basis for both **Standing annual and contractual grants** In terms of the budget certain grants are made on an annual basis. The merits of an application for such grant is made once and if approved, the amount is annually budgeted for and paid over after 1 July. An example is the annual grants of R175,00 to all schools in the former Paarl area for book prizes. Annual grants are paid over two or more financial years, as decided by Council, and may be withdrawn or ceased at any stage.

Contractual grants refer to organizations/institutions to which Council make a financial contribution as a result of a specific agreement between Council and such organization. These organizations mainly play a public role and in certain cases Council is obliged in terms of legislation to render such financial support.

In such cases Council commit itself towards annual support on a medium to long term basis. Examples are the Paarl Tourism, local museums and RDP Forum.

The advert for these types of grants invites applications from four sectors namely, Social Welfare, Early Childhood Education, Sports and Culture and Economic empowerment. Applicants are requested to complete an application form and submit all the relevant information and documents prior to a specific closing date. Applications are assessed and recommendations forwarded to the relevant committee for consideration.

8.2 Ad hoc grants-in-aid applications

This type of grant deals with once off applications from organizations for financial assistance for specific projects. There is no deadline for such applications and they are considered when they are placed before the relevant committee.

These applications take the form of requests to host and hold events and projects that have specific dates.

9 Limitations

In terms of the Municipal Ordinance 20/1974, the total amount of grants in a financial year may not exceed 1,6% of the Municipality's income derived from general rates. Council accepts 1,6% of the Municipality's income derived from general rates as a policy for the future.

10 Determination of merit

It is suggested that all applications for the various categories of grants comply with the following in order to qualify for a grant: -

10.1 Ad hoc grants

- . Grants will only be considered for organizations/ institutions and not individuals; only locally based or national organizations/ institutions will qualify for a grant;
- organizations that render a service that have a direct bearing on the functions and objects of local government as defined by statute, will get preference. Council may however approve grants to organizations/institutions that render services that are associated with the functions of other spheres of government or render a public service; only organizations not for gain will qualify for a grant;
- . organizations that lease immovable municipal property on the basis that ownership thereof shall revert to the Municipality upon termination of the lease, may qualify for a grant in respect of permanent improvements to such property;
- . ad hoc grants may be made to public emergency/disaster funds.

10.2 Annual grants

- The requirements as set out under 10.1 above and any organization that in the opinion of Council renders a continuous service that justifies annual financial support.

10.3 Contractual grants

- The requirements as set out under 10.1 and 10.2 above; and
- applications as approved by Council on merit.

11. Excluded Organizations

The Local Authorities Ordinance of 1974, clearly classifies the types of organizations that are excluded from receiving a grant-in-aid from the Municipality, namely: -

- 11.1 Organizations established for profit. Co-operatives fall in this category because they are set up to generate a profit to be shared by the members.
- 11.2 Political organizations, including any politically affiliated organization.
- 11.3 Religious, faith based organizations.

13. Targeted beneficiaries

13.1 Geographical location

Only organizations based and operating within the municipality's boundaries will be considered for grants-in-aid

13.2 Target focus groups

Emphasis will be placed on supporting organizations from poor communities focusing on the following groupings of people:

- 1 Children
- 2 Youth
- 3 Women
- 4 Elderly
- 5 People with special personal challenges

13.3 Target organizations / sector

The following types of organizations are the targeted beneficiaries from the grants-in-aid program:

13.3.1 Cultural

The sharing and preservation of the cultures that defines and makes our Municipal area a truly rainbow nation must be supported to ensure an understanding and thriving cultural center.

13.3.2 Sporting

The support of amateur sport is crucial to building a strong workforce and providing our youth recreational activities that allow them to lead a good quality of life.

13.3.3 Economic empowerment

Empowering groupings of people with skills, tools and equipment to earn a living is a challenge that must be tackled vigorously to ensure that our Municipal area is one where unemployment is out of choice.

13.3.4 Education

Assistance to formal education will not be supported except for specific cultural and youth development initiatives.

13.3.4.1 Early Childhood Development

Crèches play a pivotal role in our society by firstly, creating the stepping-stone for the child's education and secondly affording parents an opportunity to seek employment.

13.3.4.2 Adult Basic Education

A literate society is a society that will assist government to achieve its goals and also assist the individual reach a higher more satisfied quality of life.

13.3.4.3 Children with special challenges

Children with special challenges will receive priority support in programs and projects where there is lack of adequate national or provincial government support.

13.3.5 Social Welfare

Most social welfare bodies provide support to our communities most vulnerable groups. Support will be forthcoming to organizations that provide services that add to our Municipal programs and projects.

Applications for disaster management will be forwarded to the relevant internal department for assistance.

14 Municipal Finance Management Act compliance

In terms of Section 67 of the MFMA, the municipality and grants-in-aid beneficiaries must comply with certain requirements of the Act.

14.1 All beneficiaries receiving assistance in excess of R50 000 shall satisfy the following:

14.1.1 have the capacity and has agreed to comply with any agreement with the municipality

14.1.2 for the period of the agreement to comply with all reporting, financial management and auditing requirements as stipulated in the agreement

14.1.3 to report at least monthly to the accounting officer on actual expenditure against such transfers, and

14.1.4 to submit its audited financial statements for its financial year to the accounting officer promptly

14.2 A letter shall be sent to the Auditor General, certifying that it is uneconomical for organizations receiving less than R50 000 to comply with the following:

14.2.1 Compliance with financial, auditing and auditing requirements

14.2.2 Monthly reporting

14.2.3 Submission of audited financial statements

These organizations shall submit a report to the Executive Director: Social Services not later than three months after the receipt of the grants-in-aid, such report to contain financial as well as program information.

14.3 Prior to any further allocation, the Municipality shall ensure that the organization has complied in respect of submission of financial reports, financial management and auditing requirements of any previous grant-in-aid.

14.4 Where any body or organization has failed to comply with all reporting, financial management and auditing requirements, the Provincial Treasury shall approve any further transfers to such organizations or bodies.

15. Deviation from this Policy

Any decision taken outside this policy must be reported to the full meeting of the Municipality's full Council.

16. Procedures

After the adoption of the annual budget, notices will be placed in the press inviting organizations to submit applications for ad hoc and annual grants in the format as annexed hereto. Where justified, organizations will be requested to submit business plans and report on their activities every six months. A summary of all applications received accompanied by a recommendation by the Municipal Manager, in respect of the successful organizations and the grants proposed, must be submitted to the Appointed relevant Committee for consideration.

Annual and contractual grants are considered annually with the framing of the budget.

DRAKENSTEIN MUNICIPALITY**APPLICATION FOR GRANT**

Name of Organisation _____

Physical Address _____
_____Postal Address _____

Telephone _____

Contact Person _____

Give a description of the nature of business of the organisation

Is the organisation locally and/or nationally based

Amount/s applied for

Give a brief description of the purposes and projects for which the amounts will be used for

Has a similar successful project been launched in the past? Give details

Is the project dependent on donations from other organisations? If yes, give detail of attempts made to secure such donations and the success thereof at the time of application

Any other detail deemed important

Please attach a copy of an official letterhead of your organisation.

NAME SIGNATURE

DATE

The following sentence has been added to section 2 Context and Legal Framework

- (c) Section 67 of the MFMA must be complied with before any funds are transferred to organizations and bodies outside government